



**PROGRAMME TO ATTRACT
INTERNATIONAL CENTRES OF
EXCELLENCE FOR COMPETITIVITY**

APPLICATION GUIDELINES

INNOVA CHILE
**Department of Public Interest Innovation and Precompetitive
Innovation**

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PURPOSES**

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FRAMEWORK OF THE PROGRAMME.

The Chilean Economic Development Agency, through its Innova Chile Committee, extends an invitation to participate in its **“PROGRAMME TO ATTRACT INTERNATIONAL CENTRES OF EXCELLENCE FOR COMPETITIVITY”**.

1. BACKGROUND INFORMATION

Recent experience of relatively small sized countries which have a successful economic performance shows that in order to grow in a sustainable way, a country needs to increase its competitiveness in the productive sector; in order to do so, it needs to strengthen its national innovation systems and the development of business competitiveness strategies which incorporate innovation as a tool to set businesses apart.

CORFO, through its InnovaChile Committee (hereinafter and indistinctly “INNOVA CHILE”), works to boost the competitiveness of the Chilean economy, promoting and facilitating innovation and technological transfer in companies, and stimulating entrepreneurial development in order to strengthen the National Innovation System.

Understanding that public-private cooperation is essential in the innovation process, INNOVA CHILE has a Management Board composed of 21 representatives from both public and private sectors. This Board is organized in relation to four areas corresponding to the different stages of the innovation cycle, and assigns resources to projects applying for the different Lines of Finance which currently exist.

These four areas of business are:

Public Interest Innovation and Precompetitive Innovation.

Directed towards taking prompt action to deal with productive challenges, the complex problems of productive application, as well as those aspects which contribute to an improvement in the conditions surrounding markets and productive sectors.

Business Innovation.

Promotes the incorporation of technological innovation in productive processes and the development of products in companies, in an individual manner or under associative and cooperative schemes.

Technological Transfer and Dissemination.

Directed towards improving the knowledge of alternative technologies as well as the adaptation and adoption of relevant management or production technologies for companies.

Entrepreneurship.

Supports the development of new businesses and the creation of new companies, as well as the formation of entrepreneurial skills in the country.

On the other hand, INNOVA CHILE has thematic areas centred on technological fields to complement these business areas; the characteristics of these are that they add value and contribute dynamically to generating competitive advantages in the production of goods and services in such a way that they help to boost the productive sector. These are:

- Biotechnology and Energy
- The Food Industry
- Information and Communication Technologies
- Mining and Infrastructure
- Special Interest Tourism

The task of INNOVA CHILE falls within the remit of the National Policy and Strategy of Innovation for Competitiveness, approved by the President of the Republic in February 2007. The National Strategy of Innovation for Competitiveness sets a country goal to double the gross domestic product (GDP) per capita to reach \$25,000 dollars in the next 12 years, which means significantly raising spending on research and development as a percentage of GDP, to levels close to 2.5%. It also seeks the participation of the public sector with the goal of creating a more dynamic, knowledge based economy and in generating new behaviours among the agents who participate in the productive structure and in their relationship with the institutional infrastructure required to compete.

The National Policy relies on the consolidation of an effective national innovation system, and this, in turn, relies on the regional innovation agents and territorial economic structures.

For its part, the Innovation for Competitiveness Fund (hereinafter the “ICF”) is the financing instrument to apply national and regional innovation policies. It is directed towards strengthening the national and regional innovation system, giving transparency, flexibility and strategic meaning to public action by the State.

For 2008, the strategic guidelines, based on the application of the ICF, are the following:

- To strengthen institutional, facilitating infrastructure and culture for innovation;
- To consolidate the education, science and technology system for competitiveness;
- To generate more incentives for the private sector;
- To regionalise the allocation of resources, while maintaining strategic coherence;
- To make high impact sectorial and regional policies.

At the same time, the Government Committee for Innovation for Competitiveness has prioritised the following sectors or clusters:

- Aquaculture
- Food Industry
- Mining
- Special Interest Tourism

- Global Services

In addition, the following transversal sectors will also be prioritised, since they support the aforementioned clusters:

- Biotechnology
- Information and Communication Technologies
- Energy
- Hydric Resources
- Environment

In this context, the promotion of competitiveness of the sectors is sought through the co-financing of innovation projects of public interest, precompetitive innovation in generic technologies and projects contemplating business innovation and technological transfer.

2. CONTEXT FOR THE ATTRACTION OF INTERNATIONAL CENTRES OF EXCELLENCE.

2.1. TRENDS FOR THE RELOCATION OF R&D CAPACITIES IN EMERGING ECONOMIES

There is currently a generalized global trend to combine the outsourcing of various functions and processes, both of business and production, with the decision to relocate to countries and territories that permit access to productive factors and better conditions for the competitive development of companies.

At the level of Research and Development (R&D) activities, these relocation trends are more recent, and are directed towards developing activities in emerging countries to the extent that they have a large, highly specialized workforce which permits the development of technological capacities of companies at a global level. A recent report by UNCTAD defines this expansion “in selected developing countries as a reaction to growing competition which requires companies to innovate more and at a lower cost. Multinationals are particularly attracted to countries which have a combination of low salaries with qualified workers”¹.

In conclusion, at a business level, the decision to locate R&D capacities in emerging countries is dependent on cost reductions, reduction in time to market period, the existence of public incentives which mitigate installation risks and the long-term stability of the host country.

In general, the big R&D institutions have commercial offices distributed throughout the world to commercialize proprietary technologies and the results developed in their headquarters.

¹ See “Globalization of R&D and developing countries”. UNCTAD, 2005

The following table demonstrates schematically the differences in strategies of these two types of R&D Centres when proposing to relocate internationally in emerging economies:

R&D Centres	Non-Business	Business
Mission	To create and commercialize knowledge of the university or head office.	Offer new products or services to the market (to create obsolescence).
Output	Transfer and commercialization as Intellectual Property (IP) in addition to R&D projects	Through products or services (“embedded”).
Key to maintain competitive advantage	Develop corporate image of excellence; commercialization of IP and <i>Know-how</i> ; New financing for R&D	Lowering of costs; Reduction in <i>time to market</i> .
Objectives Relocating Internationally	Sale of R&D projects and/or IP. Generation of new financing (subsidies or medium and long-term permanent contracts).	To find a highly qualified and less expensive workforce. To seek incentives and conditions which reduce the installation risk.

2.2. PERSPECTIVE OF THE COUNTRIES HOSTING THESE CAPACITIES.

The growing interest that countries have to facilitate the establishment of Centres of Excellence is based on the expectation that these kind of institutions will contribute to improve access to new technologies, *know-how* and sources of strategically oriented technological knowledge, in addition to the generation of new lines of research and development, whose results and applications have a high probability for transfer and use both at the level of local markets and external ones.

Subsidiarily, it is hoped that the direct creation of new, highly qualified jobs and the demands of collaboration with local technological centres and institutes, will contribute to strengthen the capacities of National Innovation Systems, to stem the migration of qualified human resources and help to form a more stable, highly specialized, critical mass of workers in the countries.

In general, relatively less developed countries have technological institutions with significant weaknesses or deficiencies in some stages of the innovation productive process, in particular in the aspects related to the stages of packaging and commercialization of technologies. Consequently, host countries hope that these aspects can be addressed by the capacities of local R&D.

In the Chilean case, the available studies at the level of technological development projects financed by public funds show high levels of fulfilment of technical commitments, but low performance with regard to the transfer and commercialization of results. The development

of local technological entities is characterized by high levels of specialization in the technological research and development stages; however, there are significant deficiencies in areas such as knowledge management, the diffusion of technological knowledge and its relationship with the market.

In addition, the strengthening of the country's image in the technological field increases possibilities of development and penetration in global markets by local companies, for innovative products and services with technological content.

The availability of incentives for the installation and operating these types of centres is part of an international trend, characterized by a growing competence in attracting investment and capacities in the field of technological research and development.

The policies in this field seek to establish an attractive offer which facilitates the decision to install entities who carry out technological research activities; these decisions are normally complicated due to significant information asymmetry, which makes the knowledge of and possible choice of a particular country difficult, as well as an appropriate evaluation of risks and benefits.

With regard to its development in the host country, the requirements of these types of centres are related to operation risks, particularly those associated with the availability of a qualified workforce and infrastructure, among others. These are needed in order to maintain a competitive position.

Given this background, the Chilean Government has prioritised the creation of a **PROGRAMME TO ATTRACT INTERNATIONAL CENTRES OF EXCELLENCE FOR COMPETITIVITY**, and has entrusted INNOVA CHILE with the creation of a special line of finance to provide an attractive offer to facilitate the decision of international R&D entities to install in Chile.

3. BENEFITS AND EXPECTED IMPACTS.

The installation of these types of entities in the country is intended to complement the existing capacities of the National Innovation System (SNIC) allowing new opportunities to be taken advantage of by research centres, business consortiums, technological institutes and local universities which are working on the development of frontline technology, including nanotechnology, genomics, biomedicine, non-conventional clean energies and biotechnology.

In this way, the setting up of these types of entities will allow the closure of significant gaps with regard to the formation of scientific and technological capacities which are not available locally and progress should be made faster; furthermore, the whole chain of learning processes should facilitate the transfer and commercialization of results obtained at the level of the local technological entities.

The Programme will contribute the following benefits in Chile:

- Faster access to new technologies, knowledge and sources of applied knowledge,
- Direct creation of new highly skilled jobs,
- Collaboration with local technological centres and institutes,
- Strengthening of the capacities of the National Innovation System for Competitiveness (SNIC),
- Decrease in the migration of skilled workers to other countries,
- Formation of a more stable critical mass of highly qualified workers,
- The local SNIC will gain capacities in knowledge management, diffusion, transfer and commercialization of results.

4. STRATEGIC FOCAL POINTS OF THE PROGRAMME.

The Programme will be focused on generating capacities for the production of results associated with the development of relevant areas and sectors (clusters) for local competitiveness, prioritised by the Government Innovation for Competitiveness Committee, namely:

- Aquaculture
- Food Industry
- Mining
- Special Interest Tourism
- Global Services

In addition, priority will be given to the following transverse sectors, which contribute to the clusters:

- Biotechnology
- Information and Communication Technology
- Energy
- Hydric Resources
- Environment

5. EXPECTED RESULTS OF THE PROGRAMME.

The expected results of the programme are:

- The setting up in the country of technological research and development entities, linked to the International Centres of Excellence.
- The production of results with high application potential both with respect to the areas and sectors selected at a local level and for commercialization at an international level. These results consider:
 - The introduction in the country of technologies already available in international centres,

- The generation of new technologies at a local level
- The development of locally generated process and product innovations.
- The development of activities involving the whole innovation cycle, including the stages of packaging, transfer and commercialization;
- The direct formation of local capacities, through the constitution of a new technological infrastructure, and the hiring and formation of a local, highly skilled workforce;
- The setting up in the country of external capacities through the direct participation of human resources of the International Centres of Excellence and the contribution of available knowledge and technologies;
- The development of lines of research and collaborative projects in areas of frontline technology, including nanotechnology, genomic, biomedicine, non-conventional clean energies and biotechnology, with universities, centres and scientific-technological institutes, business consortiums and Chilean companies.

6. APPLICATION STAGES OF THE PROGRAMME.

Application to the Programme will take place in two application stages which are detailed below:

- **PHASE 1: Qualification**, where the International Centres of Excellence which are applying to set up in Chile are evaluated.
- **PHASE 2: Project to Install the Centre in Chile**, where the following aspects are presented in detail: the project to be installed; the research and development lines in the priority areas defined by the programme; and the contribution of the installation of the Centre to the National Innovation System.

SECTION 1: TECHNICAL GUIDELINES OF THE PROGRAMME.

1. OBJECTIVES.

1.1. GENERAL OBJECTIVE

The objective of the Programme is the establishment in Chile of International Centres of Excellence, either individually or in association with other International Centres of Excellence, in alliance with national R&D entities, in order to carry out Research and Development activities; these should be activities of frontline technology which have a high sectorial impact, both nationally and internationally.

1.2. SPECIFIC OBJECTIVES.

The Programme seeks to **facilitate the installation in Chile of International Centres of Excellence in R&D**, with the objective of:

- Promoting the formation and maintenance of new capacities and distinctive scientific and technological infrastructure;
- Generating results in R&D, new knowledge and technological breakthroughs, with applicability and relevance for the productive development of the country ;
- Establishing and strengthening the development of local capacities through alliances between the International Centre of Excellence and local scientific and technological research entities and centres.

2. CHARACTERISTICS OF THE INSTALLATION OF INTERNATIONAL CENTRES OF EXCELLENCE IN CHILE.

2.1. DEFINITION OF INTERNATIONAL CENTRES OF EXCELLENCE.

For the purposes of this Programme, International Centres of Excellence shall be understood to mean those foreign legal persons, principally dedicated to carrying out research and development activities, which have a significant international recognition and which have the following characteristics:

- a) Accumulation of scientific and technological resources, with a high level of specialization;
- b) Concentration of its activities in cutting edge R&D;
- c) Skills in the development of applied knowledge;
- d) Relevant production of new applied knowledge and technological breakthroughs;
- e) Specialized skills for the processes of transfer and commercialization of results;
- f) Focus on the generation of new technologies.

Centres of Research and Development in which a company producing goods and services owns more than 50% are expressly excluded.

2.2. CHARACTERISTICS OF THE PROJECTS.

The projects to install International centres of excellence in Chile should fulfil, among other, the following conditions:

- I. Be directed towards generating a high sectorial impact, presenting a programme of execution which seeks to produce results and have an impact both nationally and internationally.
- II. To promote activities directed towards the detection and overcoming of obstacles to the development of competitiveness of the sector involved, and discipline in what it is investigating.
- III. To be aligned in its proposal of value with the strategy and priorities presented by the Chilean Government.
- IV. To have a real commitment from the International Centre of Excellence, which shows the interest of said entity in setting up in Chile, the development of lines of research in Chile and in the generation of new capacities in Chile.
- V. To clearly present the additionality case with respect to current national capacities, and the complementarity relations with local associates.
- VI. To strengthen the offer of valuable products and/or services for productive sectors in accordance with the state of the current technological offer and existing capacities, as well as the current and future needs which justify the proposal.
- VII. To present a sustainable model for the entire project; this model should be based on the offering of services in the lines presented, and in future lines of research.
- VIII. Optionally, it can consider the participation of interested parties, defined in point 3, letter E) of these technical guidelines; these may participate in a co-financing modality, in particular, in those areas or activities which enable an increased approximation to the productive sectors towards which the lines of research are directed.

2.3. LEGAL FORM TO ESTABLISH IN CHILE.

The Centre(s) of International Excellence shall establish presence in Chile through one of the following mechanisms:

- a) Incorporation of a company in accordance with the Laws of the Republic of Chile. The ownership of at least 51% of the company should remain in the hands of the Centre(s) of International Excellence directly, during all stages of the project.
- b) Incorporation of an Agency of a Foreign Corporation (*Agencia de Sociedad Anónima Extranjera*) in accordance with the Laws of the Republic of Chile.
- c) Incorporation of a Foundation (*Fundación*) in accordance with the Laws of the Republic of Chile. In this case, at least 51% of the foundation contribution should be contributed by the Centre(s) of International Excellence.
- d) Incorporation of a Corporation (*Corporación*) in accordance with the Laws of the Republic of Chile, of which the Centre exists as a member.
- e) Obtaining the authorization to function in Chile as a non-profit foreign legal person through a decree from the Ministry of Justice.

The legal persons which are created or established in Chile should have as their object or purposes, depending on which is appropriate, the carrying out of research and development activities and they shall be the final beneficiaries of the subsidies of this programme.

For the purposes of this Programme, it shall be understood that the installation has been completed when the legal person has been incorporated in Chile and has obtained the Chilean tax identification number (RUT).

The legal persons which are created shall include within their structures of corporate governance, mechanisms which ensure the effective participation of the International Centre of Excellence in the legal person incorporated in Chile.

The International Centres of Excellence which already have a presence in Chile through one of these modalities or others, and want these legal entities to be able to apply to the Programme, must carry out the necessary modifications so that said legal persons comply with the requirements established herein.

3. PARTICIPATING ENTITIES.

It is essential to the execution of the Programme, that the International Centre of Excellence participates with at least one national entity with R&D capacities, acting as Co-executor for the development of all the R&D&i lines and, eventually in the incorporation of the national legal person which is created within the framework of the Programme.

The participation of the national R&D entities can be materialized in the following ways:

- a) Participation in the incorporation of the national legal person which is created within the framework of the Programme, whether as partners, founders or members of the legal person created.
- b) Participation in the development of the lines of research committed in the Project.
- c) Or, a combination of both.

As an associative requirement of the Programme, the projects must be presented with the following entities and the role of each one of them in the project should be identified.

A. INTERNATIONAL CENTRE OF EXCELLENCE.

This is the foreign legal person, dedicated principally to carrying out technological research and development activities, and which has a significant international recognition, as was defined in point 2.1 of these technical guidelines.

A group of International Centres of Excellence may apply, in order to constitute themselves in Chile as a Centre; in this case, each one should qualify separately as a International Centre of Excellence, including the fulfilment of the requirements of ownership and foundational contribution.

The capacities of the Centre(s) of International Excellence will be analysed by the Department of Public Interest Innovation and Precompetitive Innovation.

The entity which is established in Chile, hereinafter **ICE-Chile**, regardless of whether it is the temporary beneficiary or the final beneficiary, will be the entity who shall execute the project and the beneficiary of the INNOVA CHILE subsidy. This created entity will have legal liability before INNOVA CHILE for the execution of the project; in this way, it will be the holder of all the rights and obligations that are established in the subsidy agreement with the Innova Chile Committee, including the accounts and detailed reports of costs and activities developed by it and by third parties.

If the International Centre of Excellence has not been incorporated or authorised in compliance with that set out in number 2.3 of these guidelines, the International Centre of Excellence may request that the project be initiated through a temporary beneficiary while the ICE-Chile is being incorporated. To this end it may nominate an entity which complies with the requirements set out under letter C below, as a representative empowered to receive and administrate the subsidy, through a power of attorney granted in Spanish language and executed before the Chilean Consul of the country where the International Centre of Excellence is incorporated.

As a general rule, International Centres of Excellence which apply to the Programme must not have legal presence in Chile; this is understood to mean: owning more than 20% of a company; having an agency of a foreign corporation; being a member of a Corporation; or being a founder member of a Foundation, all incorporated in accordance with the Laws of the Republic of Chile, or having obtained authorisation to operate in Chile from the Ministry of Justice.

Exceptionally, applications from International Centres of Excellence which already have a presence in Chile will be admitted, but in this case, the Installation Project will have as its objective the founding of additional capacities with respect to those which already exist. In this case, it will still be the International Centre of Excellence which must apply to the first phase, and equally the ICE-Chile will be required to comply with the requirements according to which the legal persons of those Centres which do not have a presence in Chile must be incorporated.

In this Programme, the International Centre of Excellence **must** present itself linked to **at least one** legal person, public or private, incorporated in Chile, which provides complementarity in the capacities of research and development, and which will be termed Co-executor(s).

Together, the International Centre(s) of Excellence and the Co-executor(s) should have the sufficient capacities to carry out the main activities of the project.

B. FINAL BENEFICIARY.

This corresponds to the legal person which has been incorporated in conformity with one of the modalities established in number 2.3 of these technical guidelines, who will be the Final Beneficiary of the subsidy and is designated in these guidelines as ICE-Chile.

The Final Beneficiaries must not have labour, social security or fiscal debts.

C. TEMPORARY BENEFICIARY.

This corresponds to the legal person which receives the subsidy temporarily while waiting for the International Centre of Excellence in Chile, ICE-Chile to be incorporated via one of the modalities established in number 2.3 of these guidelines. The temporary beneficiary may be:

- a) A legal person incorporated under one of the modalities set forth in number 2.3, authorised to receive and administer the subsidy when the International Centre of Excellence indicates clearly in its Installation Project that this beneficiary will be temporary, declaring who will be the final beneficiary of the subsidy, and that the temporary beneficiary is incorporated for this purpose while waiting for the final beneficiary to be incorporated.
- b) One of the Co-executors of the Project.
- c) The International Centre of Excellence, who for these purposes must designate a representative in Chile to represent it before Innova Chile. In this case, it must grant a Power of Attorney by public deed executed in Chile, or **before the Chilean Consul** of the country where the International Centre of Excellence is incorporated, and this should be attached to the Application for the Installation of the Project. The power of attorney shall grant sufficient powers to acquire goods and enter into all the acts and contracts required for the execution of the project in Chile and to represent the International Centre of Excellence before INNOVA CHILE at all times until the Final Beneficiary is incorporated. Optionally, the Power of Attorney may authorise the representative to sign the Subsidy Agreement with INNOVA CHILE.

The Power of Attorney shall regulate at least the following matters, that shall be characterized as essential:

- Temporary duration, until the Resolution which approves the Subsidy Agreement between the Innova Chile Committee and the Final Beneficiary has been fully processed.
- The requirement to immediately transfer the goods and contracts to the ICE-Chile once the resolution of the Executive Board of the Innova Chile Committee which approves the Subsidy Agreement between the Innova Chile Committee and the final beneficiary has been fully processed. The final beneficiary must assume responsibility for the actions taken by the temporary beneficiary.

- The liability before Innova Chile of representing the International Centre of Excellence as well as the obligations and rights established in the Subsidy Agreement with INNOVA CHILE.

If the Temporary Beneficiary is the International Centre of Excellence, the temporary beneficiary and the representative entity shall have at least the following characteristics which will be evaluated by the INNOVA CHILE Committee:

- Capacity to manage projects, subcontract services and manage technological contracts.
- Financial capacity to assume the responsibility for guarantees required for disbursements.
- Faculties to contract foreign and national staff from the project start date.
- Capability to acquire movable property and real property while the ICE-Chile is being incorporated.
- It shall not have labour, social security or fiscal debts.

D. CO-EXECUTOR (NATIONAL).

This is the legal person incorporated in Chile which participates in the project, contributing complementarity in research and development capacities, for the joint execution with ICE-Chile, of part of the activities included in the project, and eventually in the incorporation of the Final Beneficiary, without there being a contractual relationship between the Co-executor and INNOVA CHILE, unless the Co-executor is the temporary beneficiary.

Those legal persons which belong to one of the following categories will be accepted as Co-executor:

- **Universities created by Law, Decree with Force of Law (D.F.L) or Decree Law (D.L.) and Universities and Professional Institutes recognised by the State:** public or private legal persons, with non-profit status, having validly existed for at least two years at the date of application, which have permanent technical capacities and infrastructure, and whose bylaws contemplate research, technological development and technological transfer or the provision of services in this field. R&D Centres which depend upon or form part of a University may also apply, even if they do not have legal personality, as long as they are sponsored by the University to which they belong, and that they present a Sponsorship Letter at the time of making the application.
- **National Technological Centres:** understood to mean legal persons incorporated in Chile, public or private, with either profit or non-profit status, which have validly existed for at least two years at the date of application, and which have permanent technical capacities and infrastructure, and whose object, established in the bylaws,

is fundamentally research, development and technological transfer or the provision of services in this field.

- **Consortiums:** understood to mean those legal persons which have been incorporated in fulfilment of that established in the guidelines regulating the following competitions and lines of financing:
 - National Competition of Technological Research Business Consortiums (2004) (FIA, CONICYT and CORFO).
 - National Competition of Technological Research Business Consortiums (2005) (FIA, CONICYT and CORFO).
 - Consortium Development through open access mechanisms (Innova Chile Committee).
 - First Competition of Technological Business Consortiums in the area of Information and Communications Technologies (Innova Chile Committee).
 - Projects of Technological Business Innovation (Ex FDI, today Innova Chile Committee).
 - I Special Call for Projects of Technological Innovation for the Valparaíso Region (Ex FDI, today Innova Chile Committee).

The Co-executor(s) should be legal persons with recognised capacities in the field of the project. The capacities to which this paragraph refers shall be analysed by the Department of Public Interest Innovation and Precompetitive Innovation, whereas the existence and object established in the bylaws will be analysed by the Legal Department of the Committee, all within the time period established for the analysis of eligibility of the project.

The Co-executor(s) must not have labour, social security or fiscal debts.

The Co-executor(s) will have the right to appropriate partially or totally the results of the R&D lines developed jointly with ICE-Chile, and **shall** contribute to the same whether through money, goods, activities or other non-pecuniary contributions, in accordance with that agreed with the International Centre of Excellence, which should be reflected in the co-execution agreement which shall be entered into by the parties.

Said contribution may not be drawn from the resources of INNOVA CHILE which are assigned under the co-execution agreement.

The Co-execution Agreement to be entered into by and between the International Centre of Excellence and the Co-executor(s) **shall be attached at the time of making the application for the Installation Project in Chile**, and said document shall regulate at least the following matters, that shall be characterized as essential:

- Activities to be developed by the Co-executor(s).
- Transfers of the subsidy which will be made to the Co-executor(s) with the exclusive purpose of financing the execution of certain activities inherent to the

R&D lines, and in accordance with the project planning; these should be budgeted at cost.

- The contributions which the Co-executor(s) will make to the development of the project, detailing the period in which these contributions will be made, and the items that they correspond to, indicating separately the value in Chilean pesos, both of the pecuniary contributions and of the other valued contributions which have been committed.
- Express reference to the faculty of follow up and control that INNOVA CHILE may carry out with respect to the obligations that it carries out.
- The document shall contemplate a clause stating the submission to national legislation and extension of the competence of the National Courts.
- Specify the rights with regard to intellectual property over the results of the activities developed jointly.
- Contribution which the International Centre of Excellence will make in fields such as technological and knowledge transfer; formation of advanced Chilean human capital in the International Centre of Excellence; direct participation of staff of the International Centre of Excellence in the project's activities; access to and/or articulation of networks and international links in the jointly developed activities; among others.
- In the case where the co-execution requires the incorporation of a legal entity, the commitment to incorporate the legal person and the detail of the contributions committed to the same.
- INNOVA CHILE may determine the suitability of the Co-executor(s) and the Co-execution Agreement respectively.

E. INTERESTED PARTIES.

The participation of one or more legal persons incorporated in Chile may optionally be considered, in the role of Interested Parties, associated with ICE-Chile to give greater relevancy to the research and development lines. The Interested Party(ies) may be linked to the potential demand of the results of the research and development lines, but they may not be partners or members of the ICE, in the cases indicated in point 2.3, letters a), b), c) and d) of these technical guidelines.

The Interested Party(ies) may be public or private entities, with profit or non-profit status, incorporated in Chile. They must have been validly existing for at least two years at the date of application of the project.

The Interested Party(ies) shall contribute to the project by way of pecuniary or non-pecuniary contributions, which are to be indicated in the respective commitment document, which should be signed by the legal representative and directed to INNOVA CHILE. This document shall detail the period in which the project contributions will be made and the items which these correspond to, indicating separately the value in Chilean pesos both for pecuniary contributions and valued contributions which have been committed.

With regard to applications in which there is an Interested Party(ies), the International Centre of Excellence shall present an agreement in which the obligations and rights between it and the Interested Party(ies) are regulated, and this should be attached at the time of making the application for the Installation Project. Furthermore, if an Interested party ceases to participate in the Project, the International Centre of Excellence shall be responsible for obtaining substitutes for the contributions committed by the Interested party through other sources or by using its own resources.

F. SUBCONTRACTING BY ICE-CHILE.

If outsourcing of specific activities directly related to the project is considered, these should be contracted by a legal person. This legal person shall not participate in the results of the project, nor in the contractual relationship with INNOVA CHILE.

For any subcontracting, the ICE-Chile or the temporary beneficiary shall be regulated by the applicable regulations, especially if dealing with one of the legal persons covered by Article 1° of the Constitutional Organic Law regarding General State Administration.

With respect to the private sector, any subcontracting whose cost is less than \$10,000,000 (ten million pesos) must be carried out after receiving at least three quotes. With respect to amounts between \$10,000,000 and \$50,000,000 (fifty million pesos), subcontracting must be carried out via a private bidding process to which a minimum of four companies in the field are invited. With respect to amounts above \$50,000,000 (fifty million pesos), the contracting must be carried out via a public bidding process.

In justified cases, INNOVA CHILE may authorise a different form of contracting to that which corresponds in accordance with the amounts set out above, provided that it follows one of the modalities regulated in the previous paragraph, and which should be approved by INNOVA CHILE prior to the subcontracting. INNOVA CHILE will reject the expense in the rendering of the respective accounts, if the subcontracting does not fulfil the requirements set out in the preceding paragraphs.

It is expressly stated that for the purposes of this Programme, Subcontracting shall not be understood to mean invoicing for the human resources which the International Centre of Excellence makes to the legal entity incorporated in Chile, with respect to the professionals from the International Centre of Excellence which are located in Chile and whose remuneration continues to be paid by the International Centre of Excellence.

4. FINANCING.

INNOVA CHILE will agree to the co-financing of the installation projects which are approved, through the awarding of a non-refundable subsidy, equivalent to a percentage of the total cost of the project for each stage.

The amounts and structure of the project budget, both those requested from INNOVA CHILE and contributions from other sources, shall bear relationship to the size of the proposal and the technical and financial capacity of the International Centre of Excellence and the Co-executor(s).

4.1. Amounts and Terms.

The International Centre of Excellence shall apply with a project that contemplates a maximum finance term of 10 years, and which is consistent with the proposed objectives.

The presented project shall consider 3 (three) stages, that should contemplate maximum terms for each. For the first two stages, the maximum term is three years, and for the third stage, the maximum term shall be four years.

The maximum subsidy amount from INNOVA CHILE for the first stage shall be three million US dollars annually, and for stages 2 and 3, the maximum shall be one and a half million US dollars annually.

For the purposes of a better understanding, the following table summarizes the names of the stages, their terms and maximum amounts of annual disbursements for each stage.

	Stage 1	Stage 2	Stage 3
Name of the Stage	Installation	Operation	Consolidation
Maximum term	3 years	3 years	4 years
Maximum limit of INNOVA subsidy	US\$ 3 million/year.	US\$ 1.5 million/year.	US\$ 1.5 million/year.

The financing which is approved shall be paid in pesos according to the observed exchange rate published by the Chilean Central Bank on the last business day of the month prior to the date of issuance of the payment order.

4.2. Co-financing.

The project of installation of the Centre in Chile requires a concrete commitment on the part of the International Centre of Excellence in order for it to be carried out. For this reason, and notwithstanding the maximum amounts indicated in the previous point, the following structure has been established with respect to the contributions that shall be made during the stages.

- In stage 1, the INNOVA CHILE subsidy shall cover **up to 50%** of the total cost of the project for this stage, and the International Centre of Excellence or ICE-Chile, shall make pecuniary contributions to the project of **at least 20%** of the total cost of the project for this stage.

- In stage 2, the INNOVA CHILE subsidy shall cover **up to 35%** of the total cost of the project for this stage, and the International Centre of Excellence or ICE-Chile, shall make pecuniary contributions to the project of **at least 20%** of the total cost of the project for this stage.
- Finally, in stage 3, the INNOVA CHILE subsidy shall cover **up to 35%** of the total cost of the project for this stage, and the International Centre of Excellence or ICE-Chile, shall make pecuniary contributions to the project of **at least 30%** of the total cost of the project for this stage.

For a better understanding, the table below presents a summary of this information:

Name of the Stage	Installation	Operation	Consolidation
% INNOVA subsidy	Up to 50% of the total project cost for this stage.	Up to 35% of the total project cost for this stage.	Up to 35% of the total project cost for this stage.
% pecuniary contribution of the International Centre of Excellence or ICE-Chile (does not include contributions by the Co-executor(s) or Interested Party(ies))	At least 20% of the total project cost for this stage.	At least 20% of the total project cost for this stage.	At least 30% of the total project cost for this stage.

The acquisitions of new equipment and services, as well as management staff of ICE-Chile, may be financed with INNOVA resources.

The following shall be considered **non-pecuniary contributions** on the part of the International Centre of Excellence:

- Valuation of proprietary technologies of the International Centre of Excellence (with a maximum value of 25% of the total non-pecuniary contribution of the project for each stage; exceptionally, contributions which exceed this limit could be considered, and shall be submitted for evaluation by the Subcommittee entrusted to approve the Installation Project.
- Use of equipment owned by the International Centre of Excellence who is applying, which will be used in the Project activities.
- Staff who have a current contract with the International Centre of Excellence and who will be used in the development of the Project (with the exception of the research team whose contract explicitly recognises hours exclusively dedicated to ICE-Chile, which may be considered a pecuniary contribution, or co-financed with the INNOVA subsidy).

In the case of local entities, Co-executor(s) and Interested Party(ies), if any, who have public support from foundation funds such as: Foundation funds from CONICYT, FONDAP and Institutos Mileno, **the resources financed by these funds can not be**

recognised as precuniary contributions from the counterpart to the project. In an exceptional case they could be recognised as non-pecuniary contributions, following approval from INNOVA Chile, and provided they have the authorisation of the institution which financed the foundation fund.

In all other respects, it is established that projects financed with resources from public funds for R&D lines, such as Public Goods for Innovation, Formation and Strengthening of Capacities, Precompetitive R&D, Fondef, among others of the same type, whose activities directly complement those proposed in the R&D projects, **may be considered to be contributions where this corresponds, without duplicating financing of activities in the applicant project.** In this way, care is taken that public funds do not finance the same activity twice. Entities shall declare the origin of their contributions at the time of making the application.

Notwithstanding the above, the following may be considered as **non-pecuniary contributions** on the part of the Co-executor(s) and Interested Party(ies), if any:

- Valuation of technologies with a maximum value of 25% of the total non-pecuniary contribution of the project for each stage; exceptionally, contributions which exceed this limit may be considered, and shall be submitted for evaluation by the Subcommittee entrusted to approve the Installation Project.
- Use of equipment and infrastructure owned by the Co-executor(s) or Interested Party(ies), if any, and which will be used in the Project activities.
- Staff who have a current contract with the Co-executor(s) or Interested party(ies), if any, and who will be used in the development of the Project.

CONTRIBUTIONS MADE BY CO-EXECUTOR(S) AND INTERESTED PARTY(IES), IF ANY, FOR THE EXECUTION OF THE PROJECT, WHETHER FOR THE R&D LINES OR THE INSTALLATION OF THE ICE-CHILE, WILL NOT BE COUNTED IN THE AMOUNTS AND PERCENTAGES OF CO-FINANCING REQUIRED FROM THE INTERNATIONAL CENTRE OF EXCELLENCE OR THE ENTITY INCORPORATED IN CHILE.

Pecuniary contributions will be understood to mean the disbursements of money that are generated in the execution of the installation project, or the development of the R&D lines linked to said project.

The contributions committed by the International Centre of Excellence, Co-executor(s) and Interested Party(ies), if any, shall be documented at the time of presenting the installation project, detailing the period in which the contributions to the project will be made and the items which they correspond to, indicating separately the value of the contributions, both pecuniary and committed valued contributions.

The resources assigned to the projects which have been awarded a subsidy will be delivered in partial amounts, in accordance with the activities to be executed within the framework of PROGRAMME TO ATTRACT INTERNATIONAL CENTRES OF EXCELLENCE FOR COMPETITIVITY

the project, and taking into consideration continuity between stages. Payments that are to be made against future budgets will be conditional on the circumstance that resources exist in the respective budgets. The lack of resources for following disbursements shall not give rise to any liability for the Innova Chile Committee.

The Innova Chile Committee at its sole discretion may **suspend temporarily or definitively the disbursements**, if it is evident that the project is not developing satisfactorily or that the International Centre of Excellence, ICE-Chile and/or the temporary beneficiary, has totally or partially breached its obligations. In the aforementioned cases, the Innova Chile Committee shall take the measures it considers appropriate to correct the deficiencies that it finds or to terminate the project in advance.

5. ACTIVITIES THAT CAN BE FINANCED.

The project must distinguish between those activities that are inherent to Research and Development lines and those that are inherent to the installation and operation of the ICE-Chile, which have a foundational nature, including both the activities financed by INNOVA as well as the contributions made by the distinct entities participating in the project.

5.1. Activities with a basal nature: for the installation and operation of the ICE-Chile.

- Legal incorporation of the Centre in Chile.
- Installation of infrastructure (investment proportional with the importance of the presented project).
- Equipment necessary for the objective of the installation project
- Contracting of technical staff for basic capacities of R&D&i of ICE Chile (Doctors, professionals, researchers, thesis students, technical support staff, research assistants, technological managers).
- Contracting management team (managers, administrative workers, directors).
- Operation of the centre.
- Acquisition of licences (according to the procedure established in point 6.1 of these technical guidelines)
- Diffusion of ICE-Chile.
- Consultancy related to the project (legal, market research, among others).
- Administration and general services (these may not exceed 15% of the total of other financed activities).
- Information and knowledge systems.
- Generation of networks and business Prospection.

5.2. Activities directly associated with R&D lines.

- Equipment related to the objective of the R&D line.
- Contracting of technical staff for research and development in the detailed lines (doctors, professionals, researchers, thesis students, technical support staff, research assistants, technological managers).

- Packaging and Technological Transfer
- Technological Supervision
- Patenting
- Acquisition of licences (according to the procedure established in point 6.1 of these technical guidelines)
- Training
- Diffusion
- Bringing over experts
- Technological Tours

6. BUDGETARY ACCOUNTS AND PROCEDURES.

6.1. Budgetary Accounts.

Independent of the financing source, the programming shall be carried out according to the following budgetary accounts and the allocation of costs shall be made on the basis of real and demonstrable costs. For these purposes, the real cost shall be considered as the effective cost of the good or budgeted service.

For the purposes of evaluating the budgeted amounts, INNOVA CHILE, may take into consideration information such as: market value of the good or service, useful life of the good, normal annual depreciation value, among others, except for the item of staff costs where the cost will be determined by the hourly rate stated in the wage slip or fees invoice.

The subsidy granted by the Innova Chile Committee may be used in the following accounts:

- a) **Human Resources:** correspond to the remuneration and fees of natural persons corresponding to the technical staff and professionals contracted by ICE-Chile or the temporary beneficiary, directly linked to the activities of the project.

In the case of professionals who maintain their current contract with the International Centre of Excellence and who have been located in Chile as part of the critical capacities of the project, their remuneration may be invoiced by the ICE International to ICE Chile and said amounts should be considered in this item.

Accruals will not be accepted in this item.

Readjustments and remuneration increases for separate annual periods of execution can be budgeted in this item. In the expense report, said readjustments and increases should be supported by amendments to employment contracts or service provision agreements and the documents evidencing the fulfilment of the respective tax and social security obligations.

- b) **Subcontracts:** correspond to the outsourcing of technical services directly related to activities relevant to the project. This item must only contemplate the contracting of

legal persons and should be regulated according to what is established in point 6.2 of these technical guidelines.

- c) **Training:** training activities for the work team participating in the field of the lines of work defined in the project. The following expenses should be identified; courses, contracting experts, participation in seminars, including costs of transport and accommodation for the participants.
- d) **Technological Tours:** participation in technical tours of the work team participating in the field of the lines of work defined in the project. These can be in both Chile and abroad, and in both cases should be duly justified, with details of their length in days, number of participants and identification of the same, objective, destination and results indicators.
- e) **Diffusion and Transfer:** expenses destined to finance the execution of the diffusion strategy of the capacities to be developed with the project and of its potential range of products and services which will provide sustainability once the project has finished. Furthermore, activities destined to packaging and the transfer of the results to potential users may be included.
- f) **Investment Expenses:** these consist mainly of the acquisition of fixed assets, such as land, construction of infrastructure of the centre and equipment destined to the installation of the Centre of Excellence in Chile. These expenses should be justified in relation to their linkage with the defined lines of work; in accordance with state of the art, and the range of products and/or services which will be implemented on the basis of a market analysis.

INNOVA CHILE shall only finance this item provided that it is fully justified and allows the project objectives to be achieved. The percentage to be financed shall be established by the Subcommittee of Public Interest Innovation and Precompetitive Innovation at the time of awarding the subsidy payment, with a maximum limit of 50% of the INNOVA CHILE subsidy corresponding to stage 1 of the Project Installation. For the following stages (2 and 3), this item will be reviewed in accordance with the requirements which are proposed in the respective R&D lines to be developed.

With regard to licences:

- For those of generic use (such as database or office software), these should be valued at market price.
- For those required in the development of R&D projects, these should be considered at the value of development licences.
- With regard to those which are proprietary to the International Centre of Excellence, these should be considered as a contribution to the Project by the Centre, and will be of non-pecuniary character. These cannot be financed with

INNOVA Chile resources, and their value may not exceed 30% of the non-pecuniary contribution to the project in each stage.

For the **acquisition of real property**, the investment expenses which are financed may only be for the acquisition of goods in the name of the final or temporary beneficiary, who shall transfer the good to the final beneficiary once the resolution of the Executive Board of Innova Chile Committee that approves the Subsidy Agreement with the final beneficiary has been fully processed. Furthermore, in the case of fitting-out installations on properties that are not owned by the Final Beneficiary, the land shall be delivered to the beneficiary on bailment for at least 10 years; said contract shall be executed by way of a public deed and registered in the respective Prohibitions and Encumbrances Registry of the corresponding Real Estate Registry.

The use of infrastructure, machinery and installations provided by the Co-executor and which has been promised as a contribution to the project, may not be financed with subsidy resources.

For these purposes, the beneficiary, whether temporary or final, shall consider the following alternatives and regulations:

1. **Construction or building to be carried out on a property that is not owned by the beneficiary:** Article 669 of the Chilean Civil Code establishes that: *“The owner of land on which another person, without their knowledge, builds, plants or sows, shall have the right to make the building, plantation or seeded land their own, through indemnification in favour of the possessor in good or bad faith as prescribed in Title XII of the Chilean Civil Code entitled “Action of Repossession”, or to oblige the person who built or planted to pay them the fair price of the land plus legal interest for the time in which it was in their possession, and to those who seeded the land to pay them rent and indemnify them for losses. If the building, planting or seeding has taken place with the knowledge and consent of the land owner, the owner is obliged to pay the value of the building, plantation or seeded land in order to recover the land.”* Given the aforementioned, in the case where the beneficiary, whether temporary or final, is a **mere tenant** of the property on which the construction and building has taken place (recognising ownership by another party), a **contract or title**, converted to public deed, for a term of not less than 10 years, shall be attached to the application. This contract or title shall be registered in the Register of the corresponding Real Estate Registry prior to the date of execution of the subsidy agreement.

In said contract or title, the existence of any indemnity in favour of the beneficiary should be regulated, for an amount equivalent to the built works or amount invested in adapting the existing infrastructure, in the event that the contract is terminated, due to a cause which cannot be attributed to the

beneficiary, before the date of expiration of the executed contract. If the beneficiary terminates the contract or renounces title, without justified cause, it shall be obliged to reimburse the expenses incurred in building and adapting the infrastructure, charged against the subsidy; or, to cover the expenses that said activities incur for the building or fitting out of the infrastructure on another property.

2. **Adapting the Infrastructure:** In the event that the adaptation of the infrastructure is carried out on a property of which the beneficiary is a mere tenant and that an amount is paid for its use, whatever its title, it should stipulate that the adaptation expenses incurred and charged against the subsidy granted by INNOVA CHILE, will be deducted from the amount to pay. If no payment is to be made by the beneficiary, the contract or title should state that the beneficiary will withdraw the non-essential improvements which have been introduced.

3. **Permits and Tenders:** Furthermore, in cases of building or adaptation of existing infrastructure, the beneficiary shall fulfil the following obligations and conditions:

- Obtain permits to carry out the work from the corresponding authorities and organisations.
- The tender documentation, if any, shall contemplate the existence of guarantees for the faithful fulfilment of the contract which regulates said activities, with a validity of at least 60 days as from the termination of the contract, in the name of the beneficiary. The inspection shall always be the responsibility of the beneficiary, who shall approve the works provisionally and definitively.
- The period of execution of the works and their final reception date may not exceed the term of execution for stage 1 of the Project Installation, unless the installation project indicates and justifies a plan for execution of the works with a different timeline.
- Furthermore, the Tender Documentation may not contemplate the delivery of an advance greater than 25% of the total budget for the building project, adaptation of infrastructure, or that part of the project which is the object of the tender.
- It will be the responsibility of the beneficiary to verify the fulfilment of the labour and social security obligations by the contracted and subcontracted companies, assuming at all times the character of owner of the company or work, in accordance with that established in Law N° 20.123.

g) **Operation Expenses:** general expenses associated with the execution of the installation project, such as basic services, and the direct expenses in activities in the R&D lines, such as purchase of consumables, transfers, travel tickets, which are not considered in the previous paragraphs c), d) and e).

- h) **General and higher administration expenses:** financial expenses for the issuing of guarantees, insurance costs, among others, which have not been considered in the previous paragraphs. The total value of this account may not exceed **15%** of the sum of the contributions requested from INNOVA CHILE in the remaining accounts (Human Resources, Subcontracts, Training, Technological Tours, Diffusion and transfer, Investment Expenses and Operation Expenses).

THE FOLLOWING MAY NOT BE FINANCED WITH THE RESOURCES CONTRIBUTED BY INNOVA CHILE FOR THE EXECUTION OF THE PROJECT:

- Debts, dividends or recuperation of capital.
- Purchase of shares, corporate interests, bonds and other marketable securities.
- Taxes that are recuperable during the execution of the project by the Beneficiary, in accordance with its legal nature, and the applicable tax regulations. That is to say, if in accordance with D.L. N° 825, of 1974, the Beneficiary or Co-executor is subject to V.A.T., it shall declare only the net value of the invoices, taking into consideration the right to recuperate its tax credit, deducting it from its tax debit. On the other hand, if it is not subject to V.A.T., it may declare the gross value of the invoices.
- Expenses associated with activities carried out by the Interested Party(ies).
- In the case of Co-executors, transfers from the INNOVA CHILE subsidy may not be made to them, unless they are expressly regulated in the Co-execution Agreement, including amendments required by the Subcommittee, if any.

6.2. Regulations and procedures for budgetary considerations.

IT IS EXPRESSLY STATED THAT THE CO-EXECUTOR(S) MUST USE THE SAME ACCOUNTS CRITERIA AND ACCOUNTABILITY FOR THE SUBSIDY WHICH ARE APPLICABLE TO THE BENEFICIARY.

Up to 10% of the pecuniary total of the budget which was originally established and approved may be re-itemized, for a specific period of accountability, **with the exception of the account General and higher administration Expenses**. This re-itemization shall be formally communicated to the Innova Chile Committee in the respective accountability report, via a letter signed by the legal representative of the beneficiary, whether temporary or final. Any excess over this percentage will result in the immediate obligation, without waiting for the respective accountability period, to request approval from INNOVA CHILE with regards to this excess and to provide information about the previous re-itemizations carried out within the referred 10% limit.

For the programming, allocation and accountability of costs associated with:

- **Human Resources:** should be adequately supported with trustworthy documents that evidence the real amount. Therefore, remuneration of the staff contracted by

the Beneficiary, whether temporary or final, who carry out the project activities is understood to mean the total of earnings shown on a wage slip. With regard to staff contracted via a service provision contract, the amount to be considered is the amount indicated in the respective contract and in the respective fees invoice. The cost of Man Hours shall be calculated over the base of the effective cost of the contracted staff. If the Beneficiary pays bonuses, these should be reflected in a wage slip and employment contract or on a fees invoice and service provision contract or letter of appointment and it shall verify that all corresponding social security and tax obligations have been fulfilled.

- **Subcontracts, Technological tours and Operation Expenses:** should be calculated based on real and supported costs, valued in accordance with the price which shall effectively be paid, and shall be adequately supported with trustworthy documents, such as invoices, rental contracts, among other documents which allow the values which have been assigned to be established and verified.

For the accounts of Technological Tours and Operation Expenses, the following should be considered as referential values:

- Air tickets in economy class;
- Travel expenses for activities abroad, which may not be greater than what is indicated in the Travel Costs Table in American dollars of the Chilean Foreign Affairs Ministry, equivalent to Grade 6°. The table of travel costs may be obtained at:
www.minrel.gov.cl/transparencia/marco/tabla_viaticos_2008.pdf
- Travel costs for activities in Chile. These may not be greater than what is indicated in the CORFO Table of Travel Costs, equivalent to Grade 6°, which should be consulted with INNOVA Chile at the start of the Project and on 1 December of each year, and will be valid for all travel carried out within the year following said date.

7. STAGES AND THEIR TERMS FOR EXECUTION.

7.1. Stages of the projects.

The projects should take into consideration the term necessary for them to achieve their objectives, which, in no case may exceed **10 years** for the financing of all project activities, counted as from the date when the Resolution of the Executive Board by virtue of which the subsidy agreement is approved is fully processed, that shall be the start date of the project.

The project shall be planned in three stages:

- Installation and start up of the ICE-Chile
- Operation of the ICE-Chile
- Consolidation of the ICE-Chile

The stages of the project being executed shall be adjusted to the maximum terms established in point 4 of these technical guidelines and, if due to causes which are not attributable to ICE-Chile, the activities contemplated in the installation project cannot be realized within the term initially approved, an extension may be granted in each stage of up to **one additional year, or for a longer term in the event that the extension is granted due to force majeure or unforeseen circumstances, which should be previously qualified by the legal department of the Committee.**

This extension request should be presented by the ICE-Chile, or by the temporary beneficiary, via a letter, prior to the expiry date of the execution term for the stage, addressed to the Innova Chile Committee. However, no resources additional to those contemplated within the stage will be granted during the extension.

7.2. Performance Indicators.

The project should specify the expected results for each stage, and the additional impact expected during its execution, both for the installation process and the R&D lines and should propose a list of relevant indicators which can be verified in time, including at least the fields set out below:

- Scientific and Technological Excellence
- Formation of Human Capital
- Technological transfer and link with sectors defined as priorities by the Programme
- Articulation with Local Actors
- Diffusion and Extension
- Leverage and sustainability

The proposals should also include in their commitments those assumed by the Co-executor(s) and Interested Party(ies), if any. Furthermore, they should present the indicators both of results and of impact expressed in the following table, and should be presented with a baseline (situation without project), and in terms of quantity, quality and terms to be achieved, within the terms for each stage.

RESULTS AND INDICATORS PER STAGE AND DESIRABLE GOALS().		
INSTALLATION AND START UP	OPERATION OF THE CENTRE	CONSOLIDATION OF THE CENTRE
years 1 to 3	years 4 to 6	years 7 to 10
<u>Structural and Operational:</u> - Legal incorporation of ICE-Chile (if this can not be counted on as from the start). - Equipped facilities in Chile - Management team: Director or Manager, Coordinator, among others (selected and contracted). - Processes of Packaging and Transfer established. - Model of income established and	<u>Structural and Operational:</u> Adjustments only if these are necessary, in the case of: <ul style="list-style-type: none"> • Upgrade offer: services not originally contemplated • New market niches, regulations, international aspects, etc. • Those due to operational growth 	<u>Structural and Operational:</u> Adjustments only if these are necessary, in the case of: <ul style="list-style-type: none"> • Upgrade offer: services not originally contemplated • New market niches, regulations, international aspects, etc. • Those due to operational growth

<p>operative which includes description of services, pricing, and having invoices stamped by the Chilean Tax Service (SII) for collection of the same.</p> <ul style="list-style-type: none"> - Operational Director in place. 		
<p><u>Diffusion:</u></p> <ul style="list-style-type: none"> - Launch of ICE-Chile - N° of Publications (at least 1 per year from ICE-Chile) - Website of ICE-Chile updated (in 1 language) - Development of promotional activities 	<p><u>Diffusion:</u></p> <ul style="list-style-type: none"> - N° of Publications (at least 2 per year from ICE-Chile) - Website of ICE-Chile updated (in at least 2 languages) - N° of promotional activities (increase of 20% with respect to the previous period) 	<p><u>Diffusion:</u></p> <ul style="list-style-type: none"> - N° of Publications (at least 3 per year from ICE-Chile) - N° of promotional activities (increase of 20% with respect to the previous period)
<p><u>R&D LINES:</u></p> <ul style="list-style-type: none"> - R&D lines underway, with a relevant % of fulfilment of its programming for the period - Research staff contracted, including researchers, PhD, students, according to programming for the period. - N° of Publications (at least 1 per year for each 5 researchers) 	<p><u>R&D LINES:</u></p> <ul style="list-style-type: none"> - R&D lines underway, with a relevant % of fulfilment of its programming for the period - Research staff contracted, including researchers, PhD, students, according to programming for the period. - N° of Patents in process (at least 1 per line, at the end of the period) - N° of Publications (at least 1 per year for each 3 researchers) 	<p><u>R&D LINES:</u></p> <ul style="list-style-type: none"> - R&D lines underway, with a relevant % of fulfilment of its programming for the period - Research staff contracted, including researchers, PhD, students, according to programming for the period. - N° of Patents in process (at least 1 per line, in addition to the previous period, at the end of the period) - Obtaining international patent - N° of Publications (at least 1 per year for each 2 researchers)
<p><u>Installation:</u></p> <ul style="list-style-type: none"> - Transfer Programme: training, currently existing technologies and participation of staff of International Centre of Excellence, with a relevant % of fulfilment of its programming for the period. - New alliances with local R&D entities (at least 1 at the end of the period) - New agreements with companies (at least 1 at the end of the period) - Income from service provision of ICE-Chile. - eg. Services such as: technological transfer, sales or licensing, creation of spin-off - Amount in projects with public national financing - Amount in projects with international financing 	<p><u>Installation:</u></p> <ul style="list-style-type: none"> - Transfer Programme: training, currently existing technologies and participation of staff of International Centre of Excellence, with a relevant % of fulfilment of its programming for the period. - New alliances with local R&D entities (at least 2 at the end of the period) - New alliances with international R&D entities (at least 1 at the end of the period) - New agreements with companies (at least 2 at the end of the period with regard to the previous period) - Income from service provision of Centre in Chile. (Increase of 40% with respect to the previous period) 	<p><u>Installation:</u></p> <ul style="list-style-type: none"> - Transfer Programme: training, currently existing technologies and participation of staff of International Centre of Excellence, with a relevant % of fulfilment of its programming for the period. - New alliances with local R&D entities (at least 2 at the end of the period) - New alliances with international R&D entities (at least 1 at the end of the period) - New agreements with companies (at least 4 at the end of the period) - Income from service provision of Centre in Chile. (Increase of 60% with respect to the previous period) - Leverage with national public funds (40% increase with respect to the previous period) - Leverage with international public

	<ul style="list-style-type: none"> - Leverage with national public funds (30% increase with respect to the previous period) - Leverage with international funds (20% increase with respect to the previous period) 	funds (20% increase with respect to the previous period)
<p><u>Measurement of Impact Indicators</u></p> <ul style="list-style-type: none"> - Qualified employment <ul style="list-style-type: none"> o N° of PhD; N° of researchers; N° of Masters, as new contracted staff. o N° of professionals trained and qualified in the country of origin of the International Centre of Excellence o N° of trained professionals (national and international) by ICE-Chile - Number and income in agreement with local and international entities. - Quantity and type of technologies transferred - Income from licensing - Number of spin offs created - Income from services to industries 		

7.3. Evaluations of Continuity between Stages.

At the end of each stage, an evaluation of the results committed in that stage will be made, and there will be a review of the detailed programming for the following stage.

The results and indicators proposed at the start of each stage, will be part of the commitments to be monitored during the execution of the project and will be considered in the evaluations of continuity.

At the end of each of the project stages, the Subcommittee of Public Interest Innovation and Precompetitive Innovation, with the further members of the President of the Management Board of the Innova Chile Committee and a member of the Management Board whose designation will be made by the Ministry of Finance, will be informed of the fulfilment of the commitments of the previous stage and of the detailed reformulation of the project for the next stage and will decide on the approval of the continuity of the project for the following stage.

The Extended Subcommittee will be empowered to review the subsidy amount for the following stage, and adjust the activities and associated budget, which could defer from that initially approved.

The following table is attached to summarise the information:

STAGE	Stage 1: Installation	Stage 2: Operation	Stage 3: Consolidation
Evaluations	At the end of this stage, the following will be evaluated: the fulfilment of the commitments, the results and indicators of stage 1, the	At the end of this stage, the following will be evaluated: the fulfilment of the commitments, the results and indicators of stage 2, the	At the end of this stage, a Final evaluation of results, indicators of results and indicators of Impact of the project will be made.

	detailed revision of the reformulation of stage 2, and a decision will be made regarding the continuity of the project in stage 2.	detailed revision of the reformulation of stage 3, and a decision will be made regarding the continuity of the project in stage 3.	
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The start date of the project corresponds to the date when the Resolution of the Executive Board of INNOVA CHILE, by virtue of which the respective Subsidy Agreement is approved, has been fully processed.

Once each stage is approved, the expenses incurred, between the delivery of the report and the approval of the following stage, will be recognised provided that the Subcommittee approves the continuity of the project.

Those R&D lines which are desirable to incorporate within the project during its execution, should be presented to the Extended Subcommittee for the relevant evaluation, in accordance with the criteria established in point 8.2.B of these technical guidelines.

8. EVALUATION CRITERIA FOR THE APPLICATIONS.

8.1. Evaluation Criteria For Phase of Qualification of International Centre of Excellence.

In the Qualification phase, an analysis of the International Centre of Excellence and its proposal for installation in Chile will be carried out.

A) Evaluation Criteria for the International Centre of Excellence.

- Prestige and insertion in international networks: this refers to the level of agreements and activities that the Centre develops at an international level, whether with other R&D entities, or through its networks and links with other companies. Its directors are members of international research organizations in the matters central to its R&D and have been “board” members for international conferences.
- R&D capacities in areas of interest (experience and specialisation): this refers to the areas of basic sciences or to the areas of technological sciences in which the Centre or some of its subsidiaries focus their work. Evaluation of whether it presents a trajectory of work in the research areas related to the Programme’s priorities.
- Technological management and productive impact: this refers to the explicit and differentiated capacity for the development of R&D, transfer of the technologies which are developed and/or its sale or licensing and/or the creation of spin-offs. This is what will finally be produced by the Centre in terms of results and achievements which are commercialized both at national and international levels.

B) Evaluation Criteria for the Centre’s proposal for installation in Chile

- Strategic alignment: this refers to the extent of alignment of the R&D lines

proposed, with the innovation strategy of the sectors prioritised in the Programme and its potential impact.

- Additionality with respect to the R&D lines: this refers to the development in cutting edge areas in the strategic focal points prioritised in the programme.
- Complementarity with respect to national capacities: this refers to the capacities in R&D, knowledge and networks which the International Centre of Excellence has, which are not in the NSIC (National System of Innovation for Competitivity), and which will be developed together with national associates.

As part of this process, a review will be carried out of:

- Regulations and policies which the International Centre of Excellence has for **joint** development with regard to research, development, packaging, transfer, intellectual property and commercialization, as well as its regulation or policy with respect to the disposition and modality of **use of its assets**.
- Consistency between the importance of the Centre to be installed in Chile and the requested budget.

8.2. Evaluation Criteria for Phase of the Installation in Chile.

Only projects which have been approved in the qualification stage may apply for the Installation stage.

The evaluation will involve analysis in three fields: the capacities which will be generated in the NSIC; the proposed R&D lines and the installation project in Chile; for each of these, the qualification will be from 1 to 5.

A) Capacities generated towards the NSIC.

- 1) Synergy with national actors (collaborative projects)
- 2) Capacities in the whole Innovation Cycle: Research, Development, Packaging, Transfer and Commercialization, of the results installed in Chile
- 3) Generation of new knowledge (including knowledge and technologies already available at the International Centre of Excellence and those generated by the ICE-Chile)
- 4) Formation of capacities in Chile (including participation of human resources at ICE-Chile, foreigners and nationals, and programme of formation and technological infrastructure).
- 5) Committed impact indicators.

B) R&D lines and their potential.

- 1) Sectorial relevance of the R&D lines with respect to the *clusters* or prioritised contributory sectors.
- 2) Quality of new lines of proposed research and development. For this, an evaluation will be carried out of a R&D project, which includes the analysis of its technical feasibility; relevancy; capacity for execution and management; and sustainability model. This evaluation will be carried out by skilled staff, whether from INNOVA

- Chile or contracted by it, for this purpose.
- 3) Potential of impact of the R&D lines: local or global impact and potential for development of new products or services in the market.
 - 4) Associativity with Chilean *partners*: profile of partners (aptitude and suitability of the partners for the execution of the proposed R&D lines); extent of participation and acceptability of results.

C) Formulation of the Installation Project in Chile.

- 1) Added value of the ICE-Chile
- 2) Consistency between technical and financial formulation of the project, which implies coherence between its objectives, methodology and the activities proposed, in relation to the proposed budget.
- 3) Quality of the installation plan proposed:
 - a. Model of service provision, sale of licences, creation of spin offs or others
 - b. Packaging and transfer model
 - c. Organizational model of the ICE-Chile
 - d. Proposed Management and Research and Development teams
 - e. Management model of the ICE-Chile
 - f. Start up plan
 - g. Commercialization plan
 - h. Diffusion Strategy of the ICE-Chile
 - i. Financing plan and Sustainability model of the ICE-Chile
 - i. Income model and financial leverage with public and private, national and international, funds.
 - ii. Proportion between R&D Expenses and operational expenses
 - j. Systems of information and knowledge management
- 4) Analysis of scenarios and sensitivity, considering conditions of uncertainty and risk.
- 5) Performance indicators (results, impact) committed by ICE-Chile.

8.3. WEIGHTING OF THE FINAL EVALUATION OF THE INSTALLATION PROJECT.

In the following table the evaluation criteria are indicated with their respective weightings which make up the final evaluation of the proposals presented for the installation of the Centre in Chile.

EVALUATION PHASE 2	WEIGHTING
- Capacities generated for the system	30%
- R &D lines and their potential	30%
- Formulation of the installation project	40%
TOTAL	100%

9. CONSIDERATIONS WITH RESPECT TO THE INSTALLATION PROJECTS THAT ARE AWARDED SUBSIDIES

Once the installation project has been approved, the beneficiary, whether temporary or final, should fulfil a number of requirements which are mentioned below.

It should sign an agreement in Chile, which establishes that it submits to national legislation, and recognises an extension of the competency for the National Courts.

With regard to intellectual property:

- a. The intellectual property of the developments carried out by ICE-Chile shall be owned by this Centre, eventually shared with local partners depending on the contributions of each of these, according to that established in the co-execution agreements.
- b. The ICE-Chile should have a clear and documented policy of protection of Intellectual Property and licensing; that is to say, how it is going to assign intellectual and industrial property rights which it generates to third parties.

It should have an Ethical Code and pronouncement in accordance with the Law, in areas such as:

- Studies and/or activities which involve human beings
- Studies and/or activities of experimentation on animals
- Environmental

With regard to Diffusion

- Publications should be made in high impact scientific magazines and in those most relevant to the respective industry, co-authored by national and foreign researchers.
- INNOVA should be informed in a timely manner of promotion and diffusion activities carried out by ICE-Chile, in order to evaluate the participation in the activity.

In relation to Human Resources of ICE-Chile.

- The ICE Chile should have a Management Board, which meets regularly and with explicit faculties for its governance.
- The research staff will be composed of:

Main researchers: National and international researchers with a recognised trajectory who will be those in charge of leading the research lines to be developed. Each research line should have a main researcher as the direct person in charge, who should be explicitly identified in the project application.

Other researchers: National and international researchers who participate in the activities of the research lines to be developed.

- The ICE-Chile should have profiles and procedures of selection and contracting of all staff of the ICE-Chile, as well as for staff contracted for specific work:
 - In the case of the Director or Manager, he/she should have management capacities for research projects, and for the articulation and generation of networks.

- With respect to the process of election of the Director or Manager. The person chosen should be endorsed by INNOVA CHILE.
The Director or Manager should be contracted at the time the first subsidy disbursement.
- In the case of the research staff, their CV and a letter of intention with regard to their participation in the ICE-Chile should be attached.
- For the case of the management team of the ICE-Chile, the functions and working day required should be detailed and justified.
- The ICE-Chile should have an established remuneration scale, distinguishing time dedication and scale of hierarchy compatible with those declared in other research projects financed with public resources:
 - It is expected that the Director or Manager of the ICE-Chile will be dedicated exclusively to administrate, manage and develop the activities of the centre.
 - The research staff should commit at least 50% of their average working day to the activities of ICE-Chile.
- The ICE-Chile should have bonuses directed towards the achievement of results and with periodic performance evaluations:
 - The requirement to fulfil objectives and meet goals of ICE-Chile shall be contemplated in the employment contract of the Director or Manager.
 - The Director, the staff in charge of management, and the investigators of ICE-Chile should be periodically evaluated.
 - If, as a result, poor performance is identified, INNOVA CHILE could object to the renewal of a contract.
- The ICE-Chile may finance the following areas with the INNOVA CHILE subsidy:
 - In the case of local researchers contracted by the ICE-Chile and the Co-executor(s), whose activities and time are not being financed by another source of public funding, the fraction of time of research dedicated to the programme of work for the R&D line of the ICE-Chile may be financed. The ICE-Chile must guarantee the fulfilment of the commitments and results established. The remuneration should relate to the scale of remuneration established by the ICE-Chile and be compatible with the values established in other projects financed by public funds.
 - For the case of foreign researchers, relocated for term greater than 12 months, their remuneration may be co-financed, in proportion to their respective work, and in accordance with the scale established by the ICE-Chile.
 - In the case of staff, this should be consistent with the scale of remuneration, time dedication and functions.

Acquisitions, maintenance of goods and services:

- The ICE-Chile should carry out its acquisitions of goods in a direct manner, have the respective insurance and have a procedure which, at the least, contemplates the regulations established by INNOVA CHILE for these terms in the Instructions of

Operation and Procedure for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee which is available in the Projects Management System of the Committee. Furthermore, the expenses of travel tickets and travel expenses should be regulated, at the least, by the INNOVA CHILE regulations for these terms, available in the Projects Management System (SGP).

SECTION 2: ADMINISTRATIVE GUIDELINES.

1. APPLICATION.

1.1. Stages of Application.

Application to the Programme considers two successive phases; namely:

- **Phase 1: Qualification of the Centre as International Centre of Excellence; and,**
- **Phase 2: Application of the Installation Project of the International Centre of Excellence in Chile.**

A. Qualification as International Centres of Excellence.

Prior to the presentation of the Installation Project of the International Centre of Excellence, the Centre shall be qualified as such by the Subcommittee of Public Interest Innovation and Precompetitive Innovation. The background information of the International Centre of Excellence shall be delivered in the manner and place outlined in these administrative guidelines in point 1.2.

For the purposes of this Programme, the Subcommittee will also be composed by the President of the Management Board of the Innova Chile Committee, and by one of the members of the Management Board of the Innova Chile Committee designated by the Ministry of Finance; for these purposes, this Subcommittee as has been defined, will be referred to as the “Extended Subcommittee”.

The Agreement adopted by the Extended Subcommittee indicated in the previous paragraph will be implemented through a Resolution of the Executive Director of the Innova Chile Committee, and this will be informed to the International Centre of Excellence, who will have the term of **1 (one) year** as from the date of sending of the letter notifying the decision of the Extended Subcommittee, to present the Project of Installation of the International Centre of Excellence in Chile.

B. Project of Installation of the International Centre of Excellence in Chile.

ONLY THOSE CENTRES WHO RECEIVE THE QUALIFICATION AS INTERNATIONAL CENTRE OF EXCELLENCE IN PHASE 1 MAY PRESENT PROJECTS FOR INSTALLATION IN CHILE IN PHASE 2.

Projects should be presented in the manner and at the place which is expressed in the following points.

1.2 Manner and place.

The projects or qualification applications of the Centre will operate through an open access system and these should be presented at the: General Office of CORFO, located at Moneda

N° 921, 2nd floor, Santiago, or at the Regional Directorates of CORFO, addressed to the Executive Director of the Innova Chile Committee and with the title of: “**PROGRAMME TO ATTRACT INTERNATIONAL CENTRES OF EXCELLENCE FOR COMPETITIVITY**”, through the application forms designed by the Innova Chile Committee for these purposes (available at the webpage www.corfo.cl) or through the Electronic System of Project Submission, if available. The opening of the line of funding will be communicated via a notification as indicated in the following paragraph, once the Resolution has been fully processed.

The notification will be published in a newspaper of national circulation and will contain, at the least, the following information: date of opening of the Programme, identification of the Programme, date and place where the Guidelines of the same will be available, fax number and e-mail to which enquiries may be directed and the availability of an online application system, if applicable.

2. APPLICATION PROCEDURE.

2.1 PHASE 1: Application for Qualification as International Centre of Excellence.

The application for qualification as an International Centre of Excellence shall be presented through the qualification form designed by INNOVA CHILE for these purposes, and signed by the representative of the Centre. If upon the date of publication of the notification informing about the opening of the funding line, or subsequently, the Electronic System for Project Submission is available, Centres will have the option to present their applications in electronic format.

Furthermore, the Centres shall attach, on paper, a Legal Report prepared and signed by a **Lawyer duly qualified to be able to practice the Profession in the Republic of Chile**, addressing the following aspects:

a) Type of legal person, full name of the legal person and legislation in accordance with which it has been incorporated; b) Date of issuance and type of document where it states its legal incorporation and current bylaws; c) Object of the legal person according to its legal incorporation and/or its valid bylaws; d) Organ or person in charge of the administration; e) Designation of legal representative of the Centre and document or act which states said designation; f) If the legal person is owned by other natural or legal persons, indicate the identity of the main owners, partners or shareholders of the legal person (which together own more than 50%) and indicate whether these are companies producing goods and services; and, g) A conclusion regarding whether the legal person is legally incorporated in accordance with the Laws of its country. The legal report will identify the informing lawyer with his/her complete name and identity card number, and state that he/she is duly qualified to practice the profession.

2.2 PHASE 2: Presentation of the Installation Project for the Centre.

The Installation Project for the International Centre of Excellence, previously qualified as such, shall be presented through the application form designed by INNOVA CHILE for this

purpose, signed by the legal representative of the Centre. If upon the date of publication of the notification informing about the opening of the Programme, or subsequently, the Online System for Project Submission is available, Centres will have the option to present their projects in electronic format and incorporate them to the System of Project Submission.

In both phases if the online application system is operational at a later date, this circumstance will be communicated by way of a notification in a newspaper of national circulation and on the CORFO webpage www.corfo.cl.

2.3 Presentation of Legal Documents.

Regardless of the means of submission of the project, the CENTRE must deliver a separate, ring-bound copy entitled “LEGAL DOCUMENTS” mentioning the Title of the project and the name of the Beneficiary, and a CD-ROM containing scanned supportive documents, containing the legal and financial documents of all the entities participating in the project, including the Beneficiaries and Co-executors.

- If, at the time of presenting the Installation Project, the ICE has incorporated a legal person in Chile, with whom the agreement with regard to the Final or Temporary Beneficiary will be signed, the legal documents of incorporation of said legal entity should be presented, as well as its Certificate of Fiscal Debt and a sworn declaration authorized before a Notary Public certifying that its labour and social security obligations are paid to date.
- In the case where the ICE has not incorporated the Legal Entity, who will have the character of Final or Temporary Beneficiary at the date of presenting the application of the Installation Project, all the legal documents of incorporation should be attached, duly legalized before the Chilean Consulate of the country where it is incorporated, and, if applicable, the power of attorney referred to in Article 3.c of the Technical Guidelines. Furthermore, where these legal incorporation documents are not in English or Spanish, they should be translated by a certified translator into one of these two languages. Finally, the following legal documents shall be attached: Incorporation of the Legal Entity of the Representative, the Certificate of Fiscal Debt and a sworn declaration authorized before a Notary Public, certifying that its labour and social security obligations are paid up to date.
- For their part, the Co-executors should present their legal documents of incorporation, a certificate of good standing and power of attorney for their representatives, all in legalized copies except when dealing with Laws, Decrees or other administrative acts which have been published in the Official Gazette, which may be presented as Simple Copies, its Certificate of Fiscal Debt and a sworn declaration authorized before a Notary Public, certifying that its labour and social security obligations are paid up to date.

Furthermore, the International Centre of Excellence and of each of its Co-executors, must submit a Letter of Commitment of Contributions, detailing all the contributions which they comitt to make to the project during its execution.

3. EVALUATION OF APPLICATIONS.

3.1 PHASE 1: QUALIFICATION OF INTERNATIONAL CENTRES OF EXCELLENCE.

The process will be carried out by skilled personnel determined by INNOVA, whether dependent on the Committee or external, national or international, contracted for this purpose. Evaluators of an international level will be used.

As part of the process, a technical opinion will be issued by a Consultative Panel, composed of 3 members, namely: 1 representative of INNOVA CHILE, designated by its Executive Director, 1 representative of the Ministry of Economy, Development and Reconstruction, designated by its Undersecretary, and 1 representative of CONICYT, designated by the President of said Commission, to evaluate the strategic impact of the Project, the additionality and complementarity with respect to the capacities, knowledge and international networks existing in the country.

The names of the representatives of CONICYT and the Ministry of Economy, Development and Reconstruction will be communicated via a letter from said institutions, following the request from the Deputy Director of the Public Interest Innovation and Precompetitive Innovation of the Innova Chile Committee, and the panel will meet on the day and at the time proposed by the latter. The panel may issue its technical opinion with two of its members present.

Clarifications: INNOVA CHILE reserves the right to require the International Centre of Excellence, during the qualification process, to provide clarifications and background information that it deems necessary for an adequate understanding of the proposal, which may be requested via e-mail to the address indicated on the qualification form. The clarifications and background information requested must be sent to the Committee, within the time period indicated on the same request. The clarifications may not in any event alter the content of the offer or the principle of equality among the applicants.

3.2 PHASE 2: EVALUATION OF THE INSTALLATION PROJECT.

a) Clarifications: INNOVA CHILE reserves the right to require the International Centre of Excellence, temporary beneficiary, Co-executor(s) and other entities participating in the project, during the process of evaluation of the installation projects, to provide clarifications and background information that it deems necessary for an adequate understanding of the proposal, which may be requested to be sent to INNOVA CHILE Committee via e-mail to the address indicated on the application form. The clarifications and background

information requested must be sent to the Committee, within the time period previously indicated on the request, either materially or via e-mail.

b) Technical Eligibility and Relevance: This consists of a review of the fulfilment of the formal requirements established in these Guidelines. Said review includes: the fulfilment of the requirements of co-financing and term; and evidence of committed contributions. This analysis will be carried out by the Department of Public Interest Innovation and Precompetitive Innovation of INNOVA CHILE, if required.

All the Legal Documents **must be presented separately from the forms and must be ordered in accordance with a preceding contents page.** If it is necessary, the documents shall be accompanied by explanatory notes which permit a proper understanding.

The following will not be considered as part of the presentation: documents which are not ring-bound; which are not mentioned in the index; which are illegible or have formal defects, such as the lack of fulfilment of any of the requirements established in this document.

PROCESS	CASE/ACTION	TERM
Technical Eligibility	IF ELIGIBLE: Evaluation process will continue	1 month from the date of receipt
	IF NOT ELIGIBLE: Evaluation process will not continue	

With regard to the analysis of relevancy, the degree of convergence of the presented objective of the project with the lines and objectives of the Programme will be analysed. This analysis will be carried out by the Department of Public Interest and Precompetitive Innovation.

INNOVA CHILE reserves the right to accept or reject the different applications, qualifying the relevancy or lack of relevancy of the projects presented.

PROCESS	CASE/ ACTION	TIME PERIOD
Relevancy to Programme	IF RELEVANT: The evaluation process will continue.	1 month from the date upon which it has been declared eligible.
	IF NOT RELEVANT: The evaluation process will not continue.	

c) Legal Analysis: For its part, the Legal Department will analyse the legal documents presented by the International Centre of Excellence, and the temporary or final beneficiary, if any, and the Co-executors, to determine if these are sufficient; they may request further

documents which are deemed to be relevant.

PROCESS	CASE/ ACTION	TIME PERIOD
Legal Analysis	<p>IF THE DOCUMENTS FULFIL THE REQUIREMENTS: The evaluation process will continue.</p> <p>IF THE DOCUMENTS DO NOT FULFIL THE REQUIREMENTS: The evaluation process will not continue.</p>	1 month from the date upon which it has been declared relevant.

d) Evaluation Process: Received projects which have been considered eligible and relevant will be submitted to an evaluation process prior to their presentation before the Extended Subcommittee.

The evaluation process of the projects presented will be carried out by skilled personnel determined by INNOVA CHILE, either employed by the Committee or contracted externally for this purpose, with the appropriate qualifications and experience, in accordance with a methodology that permits an adequate evaluation of all the relevant aspects, while simultaneously ensuring that throughout the entire process, a fair and equal treatment is granted to all the projects presented.

Furthermore, there will be a Panel of Experts at an international level, who will evaluate the Installation project of the Centre and all the R&D lines.

Eligible and relevant projects will be evaluated in accordance with the evaluation criteria and procedures established in point 8 of the technical guidelines of this programme.

As part of the process of evaluation, the following will be carried out:

- **Analysis of duplication of the R&D lines.** Projects shall not duplicate other initiatives financed in its R&D lines, whether by INNOVA CHILE or other public funds. That is to say, what will not be financed under this programme is the obtaining under the same methodology of the same results which are being or will be obtained with resources coming from other competitive public funds. It will not be considered duplication when the resources sought extend and complement the research capacity of projects financed with these type of funds.

The analysis of duplication will be carried out by the Department of Public Interest and Precompetitive Innovation in first instance and prior to the awarding of subsidies to the projects, notwithstanding the faculty of INNOVA CHILE to terminate a project which has been awarded a subsidy or which is in the process of execution, if the duplication is

detected subsequent to this analysis. For these purposes, the Department of Innovation of Public Interest and Precompetitive Innovation can send summaries of the projects which have applied to other entities which grant financing to initiatives of a similar nature, to make the query.

	CRITERIA
Duplication	If duplication exists, the project is rejected.

- **Review of the consistency of the budget with the work plan.** The consistency between the work plan of the project, both for R&D lines and for the installation project itself, and the budget requested for its development will be analysed.

The process will be carried out by skilled national or foreign personnel determined by INNOVA CHILE, either employed by the Committee or contracted externally for this purpose. The evaluation of R&D lines will involve international evaluators.

Furthermore, there will be a Panel of Experts at an international level who will evaluate the Installation project of the Centre and all the R&D lines.

As part of the process, a technical opinion will be issued by a Consultative Panel for each Project, made up of 3 members, namely: 1 representative of INNOVA CHILE designated by its Executive Director, 1 representative of the Ministry of Economy, Development and Reconstruction designated by the Undersecretary of Economy, and 1 representative of CONICYT, designated by the president of said Commission, to evaluate the strategic impact of the Project, the additionality and complementarity with respect to the capacities, knowledge and existing international networks in the Country. This Panel will meet the day and time proposed by the Deputy Director of Public Interest Innovation and Precompetitive Innovation of the Innova Chile Committee. The panel can issue its technical opinion with two of its members present. The names of the representatives of CONICYT and the Ministry of Economy, Development and Reconstruction should be communicated via a letter from said institutions, following the request from the Deputy Director of Public Interest Innovation and Precompetitive Innovation of the Innova Chile Committee.

The Consultative Panel will evaluate the strategic relevance of the centre taking into consideration the additionality of the proposal, its complementarity with all the capacities currently existing in the Country, the potential impact in the relevant and prioritised areas for local competitiveness and the quality of the local actors associated, among other factors.

4. ALLOCATION OF RESOURCES FOR THE EXECUTION OF THE PROJECT.

The Subcommittee of Public Interest Innovation and Precompetitive Innovation of INNOVA CHILE, also including the President of the Management Board of the Innova

Chile Committee and one of the members of the Management Board of the Innova Chile Committee to be appointed by the Ministry of Finance, will be the only organ empowered to approve or reject the execution of the projects which are presented to it, and it will determine the maximum subsidy amount to grant.

The Subcommittee can approve projects with the amendments that it considers relevant, provided that it does not alter the essential elements of the project, being able to introduce both technical and budgetary amendments to the presented project.

Said amendments must be incorporated by the Centre, and the fulfilment of these amendments will be supervised by the Department of Public Interest Innovation and Precompetitive Innovation. If the amendments are not incorporated to the project within the term stipulated by the Department of Public Interest Innovation and Precompetitive Innovation, it will be understood that the beneficiary has abandoned its request for co-financing.

Once the adjustments have been made in accordance with that stipulated by the Subcommittee, the Subsidy Agreement will be entered into, the drafting of the same being the exclusive responsibility of INNOVA CHILE.

The Beneficiary will have a maximum term of 90 consecutive days to sign and send the respective Subsidy Agreement, counted as from the 3rd day of the reception of this letter accompanying said document to be signed at the Chilean Post Office; this term will be stated in the letter. Furthermore, in said letter, it will be stated that if the signed agreement is not received within the indicated term, it will be understood that the subsidy has been relinquished. The Innova Chile Committee may grant an extension of the term for the signature if this is requested through a letter with due grounds for this request, which shall be sent to the Committee prior to the expiry of the initial term. If an extension is granted, it will be granted for a maximum term of 30 consecutive days, counted in the same way as previously indicated.

It will be the exclusive responsibility of the Beneficiary to incorporate the final version of the project into the System of Project Management of INNOVA Chile, through the electronic media available for this purpose, and following the instructions and requirements that INNOVA CHILE indicates in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee, available in the aforementioned System of Project Management. For these purposes, the Beneficiary will have a maximum term of 90 consecutive days counting from the date of issuance of the letter by virtue of which it is informed of the project approval and the conditions for the awarding of the subsidy, in order to submit the final version to the system. The Innova Chile Committee may grant a new term to carry out this activity if the delay by the Beneficiary is due to force majeure or unforeseen circumstances.

5. DELIVERY OF ALLOCATED RESOURCES.

INNOVA CHILE will deliver an initial payment and subsequent disbursements associated with the approval of Progress Reports, facts which should be stated in the subsidy agreement which is signed. The beneficiary shall deliver the following guarantee documents:

a) Guarantee for advance payments: Prior to each disbursement of the subsidy, the beneficiary shall provide, to the satisfaction of and in favour of INNOVA CHILE, reliable guarantees, whether in bank guarantee bonds or insurance policies of immediate execution (without liquidation), in order to guarantee the total amounts of advance payments coming from the subsidy plus the unaccounted balance from the previous period, if corresponding. The text of said guarantee instrument should state that its objective consists of guaranteeing the correct use of each subsidy payment granted by INNOVA CHILE, for the execution of the project, the name of which should be mentioned and it should have a validity of at least 3 (three) months at the date of delivery of the respective progress report. This will be returned once INNOVA CHILE approves the report and corresponding accounts, provided the final beneficiary has been incorporated.

In accordance with that established in number 8) of these administrative guidelines, entitled “Reports”, it is stated that the temporary beneficiary must account for the expenses of the execution of the project through progress reports and final reports. The first progress report will be delivered once the final beneficiary has been incorporated.

b) Guarantee for faithful fulfilment of the agreement: Prior to the delivery of the first subsidy payment granted by the Innova Chile Committee, the beneficiary, additionally, must take out a guarantee similar to those previously mentioned to guarantee the faithful fulfilment of the Agreement for, at least, 1% of the total amount of the subsidy approved for each stage. The text of this instrument should state that it is to granted to guarantee the faithful fulfilment of the subsidy agreement on the part of the Beneficiary, mentioning the name of the project. The object of this guarantee shall be to ensure, among other, the payment of fines which may be incurred during the execution of the project, and it must have a validity of at least 4 months at the date of the presentation of the Final Report of the respective Stage, and will be returned once INNOVA CHILE approves said report and the corresponding accounts and the fulfilment of all obligations has been evidenced.

With regard to Advance Payment Guarantees, and Guarantees for Faithful Fulfilment, in exceptional cases a Stand-by Letter of Credit and other guarantee instruments issued by Foreign Banks or other Institutions may be accepted, provided said instruments can be presented for cashing within the territory of the Republic of Chile in an expeditious manner, and duly guarantee the Funds delivered to the Beneficiaries. This situation will be determined by the Innova Chile Committee.

Furthermore, the previously referred guarantee documents can be granted by the Co-executor(s), stating in the text of these documents that they provide a guarantee to the Beneficiary for the faithful use of the subsidy advance payment delivered, and the

faithful fulfilment of the subsidy agreement signed between the Beneficiary and INNOVA CHILE.

The financial costs of the previously indicated guarantees which were granted by the Beneficiary or one of the Co-executors, may be attributable by the Beneficiary to the expenses item of general and higher administration.

Continuity in the delivery of resources to carry out the project will be dependent on the evaluation that INNOVA CHILE makes of the progress in the development and validity of the project, budgetary availability and the delivery of the respective guarantee documents.

The Beneficiary will be responsible for the financial accounts report, and must fulfil all the regulations and criteria established for the administration of resources contributed by INNOVA CHILE; these may be found in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee. Furthermore, the Beneficiary will be responsible for making sure that the Co-executor(s) fulfil the aforementioned regulations and criteria.

6. EXECUTION AND SUPERVISION OF THE PROJECTS.

INNOVA CHILE will not participate in the execution of the project activities.

For the purposes of allowing the verification of the appropriate execution of the activities of the definitive project and the correct use of the resources of the subsidy, the Beneficiary must fulfil the following:

- a) Keep separate records of the project accounts, in accordance with that established in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee, available in the System of Project Management.
- b) Maintain original information and documentation which allows INNOVA CHILE to verify, in the terms established in the Subsidy Agreement, the contents, requirements and delivery term agreed in this same document and based on the instructions which for these purposes are given in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee, available in the System of Project Management
- c) Deliver information and account reports required by the INNOVA CHILE System of Project Management, via the electronic means available for such purpose, and following the instructions and requirements that INNOVA CHILE indicates in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee.
- d) Allow INNOVA CHILE all the necessary facilities and collaboration to visit and verify at the place of execution of the project, if necessary, the development of the activities, and to provide information about the status of the research activities, as well as the investments made which have been charged against the project, their

insurance and the signage that indicates the project has been financed by INNOVA CHILE, in addition to the progress and results which have been achieved.

7. ACCOUNT REPORTS.

Account reports should be provided based on real and supported expenses, valued according to the actual price paid; it is hereby stated that the account report should be adequately supported by trustworthy documents which evidence the real amounts. In the original documentation which serves as support of the expenses, such as receipts, invoices and other types of supporting documentation, there shall be a stamp which indicates that these costs were made against the subsidy granted by INNOVA CHILE.

Furthermore, it is expressly stated that with regard to the non-pecuniary contributions, all the participating entities **must** account for these with the corresponding certificate; this should be accompanied by the trustworthy document which supports said contribution such as invoices, fees invoices, valuation certificates, among other of similar nature.

In particular, with regard to the Human Resources item, the participating entities must attach copies of wage slips, tables of social security payments or remuneration books, or fees invoices for contracted staff or another trustworthy document. With regard to the Centre(s) of International Excellence, they must attach the documents translated into Spanish.

- **Procedure for Subcontracting, Acquisitions and Contracting of Services.**

The Beneficiary, whether temporary or final, must follow the regulations which are applicable to them according to their nature, and with regard to legal entities, the regulations in the following paragraph will be applied:

Any acquisition, contracting of services or subcontracting by the Beneficiary, whether temporary or final, must be carried out according to the following procedure:

- When the cost is less than \$10,000,000 (ten million pesos), it must be carried out only after receiving at least three quotes.
- When the cost is between \$10,000,000 (ten million pesos) and \$50,000,000 (fifty million pesos), it must be carried out via a private bidding process to which a minimum of four companies in the field are invited.
- Above \$50,000,000 (fifty million pesos), the contracting must be carried out via a public bidding process.

In justified cases, where the beneficiaries are private entities, INNOVA CHILE may authorise a different form of contracting to that which corresponds to the amounts set out above, provided it follows one of the modalities regulated in the previous paragraph. Furthermore, INNOVA CHILE will reject the expense in the respective accounts, if the acquisition, contracting of services or subcontracting does not fulfil the requirements set out in the preceding paragraphs.

The aforementioned regulations will not apply with respect to the rental or acquisition of real property; notwithstanding this, the Committee reserves the right to assess the price of the lease rental or purchase and to subsidise this at a lower percentage, if it were disproportionate.

Furthermore, in the case of acquisitions or contracting of specialised services where it is not possible to hold a public bidding process due to there only being one provider, following prior approval from the Sub-directorate of Public Interest Innovation and Precompetitive Innovation of the Innova Chile Committee, the beneficiary may purchase the goods or contract the services directly.

In addition, it is expressly stated that with regard to the **non-pecuniary contributions** of the Beneficiary, Co-executor(s) or Interested Party(ies), these should be accounted for with the corresponding certificate which should be accompanied by the trustworthy document which supports said , such as invoices, fees invoices and wage slips, among others of a similar nature.

Furthermore, at the time of making the project expense report, the original documentation which serves as a back-up to the costs, such as receipts, invoices and other types of evidentiary documentation, should be stamped which indicates that these expenses were incurred against the subsidy granted by the Innova Chile Committee.

Notwithstanding what is set out in the previous paragraph, expenses which have been incurred in the execution of the project from the date of sending the letter notifying the decision of the Extended Subcommittee to approve the Project may be accepted. If the Subcommittee establishes conditions in the awarding the subsidy, the date from which the expenses are accepted will be that date upon which the Department of Public Interest Innovation and Precompetitive Innovation verified its fulfilment.

The incurring of expenses in accordance with that indicated in the previous paragraph will be at the risk of the International Centre of Excellence; as a result, the lack of formalisation of the subsidy agreement for a reason which is not attributable to the Innova Chile Committee will not give rise to any indemnity or reimbursement of said expenses.

8. REPORTS.

The Beneficiary must strictly fulfil the respective subsidy agreement relating to the delivery of reports; the content and format of these should follow the INNOVA CHILE guidelines, which can be found in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee, available in the System of Project Management.

In accordance with the nature of the project, the subsidy agreement contemplates the submission of Progress Reports in accordance with the goals outlined in the project. The

number of progress reports and the time when these should be submitted will be established in the subsidy agreement and will include, at least, the providing of the first Progress Report once the ICE-CHILE has been constituted, and a Final Report within 30 days following the expiry of the execution deadline of the respective stage, unless the subsidy agreement stipulates another term.

9. FROM THE TEMPORARY BENEFICIARY TO THE FINAL BENEFICIARY.

The International Centre of Excellence will have a term of six months, counted as from the notification of the full processing of the Resolution which sets into motion the Subcommittee Agreement approving the Installation Project, to executed the Public Deed of incorporation of the legal person in Chile. Furthermore, if for the purposes of incorporation, the International Centre of Excellence needs to obtain the Authorisation Decree, or concession of Legal Personality from the Ministry of Justice, the International Centre of Excellence will be responsible for presenting the documents and requesting the concession of legal personality from said Ministry within a maximum term of 8 (eight) months counted as from the notification of the full processing of the Resolution which sets into motion the Subcommittee Agreement approving the Installation Project.

The International Centre of Excellence may opt to sign the Installation Project Subsidy Agreement through a Temporary Beneficiary, as is set out in N° 3.C of the Technical Guidelines of the programme. In this case, the Centre will have a term of sixty consecutive days counted as from the date of incorporation of the legal person to commence activities before the Chilean Tax Service (SII) and inform the Innova Chile Committee of the incorporation of the legal entity and present a Report and Accounts' Report of the activities which have been carried out.

In any case, at the termination of the Installation Stage, the final beneficiary must be incorporated in Chile.

Once the International Centre of Excellence in Chile has been incorporated and Innova Chile Committee has been informed of this circumstance, the Legal Department of the Committee will proceed to determine whether the legal person which has been established in Chile fulfils the requirements set out in this Programme, and will inform the Deputy Director of Public Interest Innovation and Precompetitive Innovation of this circumstance. With the benefit of this information, a Subsidy Agreement between the Final Beneficiary and the Innova Chile Committee will be signed, at which time the temporary beneficiary will also appear for the purposes of transferring all goods, rights and obligations arising from the Subsidy.

10. PROJECT MODIFICATIONS.

Within the process of awarding subsidies to the projects, and taking into consideration the relevance of the same, the Subcommittee of Public Interest Innovation and Precompetitive Innovation of INNOVA CHILE, composed by the members indicated in point 4 of these

administrative guidelines, may suggest certain improvements and modifications for the purposes of development of the project in a correct and improved way. The incorporation of these improvements and modifications to the project will be the exclusive responsibility of the Beneficiary and the Department of Public Interest Innovation and Precompetitive Innovation will be responsible for verifying these modifications.

Modifications to the projects being executed can be introduced on the part of the ICE-Chile in any of its stages, provided that they **are not substantial**. All modifications must be previously consulted with INNOVA CHILE via a letter sent to the Committee's address, or via e-mail, for its approval.

Substantial modifications will be considered to be those changes which affect the objective of the project, the amount of subsidy granted and the term for execution of the project, except in the case of an extension authorized by these guidelines and as follows.

10.1) Modification of the Legal Person in Chile

The International Centre of Excellence can opt to modify the ICE-Chile, establishing another legal person which complies with the requirements indicated in N° 2.3 of the Technical Guidelines. In said case, the prior beneficiary must transfer all the funds which have not been accounted for, and the goods which have been acquired and have not been consumed, and present documents which evidence that the Co-executor(s) with whom the lines of research have been developed and who shares the ownership or participates in the legal person with non-profit status, agrees with the change.

Furthermore, if the change relates to a company which is transforming itself into another type of company, said change must be informed to INNOVA CHILE.

In any event, the Subcommittee of Public Interest Innovation and Precompetitive Innovation shall acknowledge said change and approve it; it may request the termination of the project if, in its judgement, the project ceases to fulfil the Project's objectives.

10.2) Modification in the lines of Research Developed by the Centre

The ICE-Chile may request the incorporation of new lines of research to be developed in Chile, as well as the abandonment of those that exist and their replacement with others; for these purposes, it should request the incorporation of the new lines of research, which will be evaluated by the Subcommittee.

In any event, the Subcommittee of Public Interest Innovation and Precompetitive Innovation must know about said change and approve it; being empowered to request the termination of the project if, in its judgement, the project ceases to fulfil the objectives of the same.

The changes introduced to the projects which result in an amendment to the clauses of the subsidy agreement, shall be stipulated in a document which modifies the agreement; this document must be approved by a Resolution of the Executive Board of INNOVA CHILE.

The Beneficiary will be responsible for submitting the approved modifications to the Project Management System of INNOVA CHILE, if necessary, through the electronic means available for this purpose, and following the instructions and requirements indicated by INNOVA CHILE in the Instructions of Operation and Procedures for the Technical and Financial Development of Projects Financed by the CORFO Innova Chile Committee.

The project will be understood to be terminated once INNOVA CHILE approves the Final Report of the 3rd Stage, or alternatively in cases where the project has been terminated in advance, in the terms established in the subsidy agreement. Once the final report has been approved, the corresponding settlement should be signed.

11. DIFFUSION, TRANSFER AND USE OF RESULTS.

The diffusion and transfer of the project results will take place in accordance with that set forth in the project's work programme, and that been established in the approved co-execution agreements. For these purposes, INNOVA CHILE provides Communications Guidelines in the Project Management System.

In all cases, INNOVA CHILE may diffuse general or statistical information about the projects, provided that by doing so it does not compromise the obtaining of privileges or protection of industrial or intellectual property resulting from the execution of the project.

Furthermore, the project should consider at least one **final diffusion activity** of the results at the termination of its execution, in which the results of the project will be diffused to all the Community of users. This activity should be coordinated with the Department of Communications of INNOVA CHILE, CORFO, with at least 2 months advance notice before the date of the activity, in order for INNOVA to opt to diffuse and attend the activity.

12. INTELLECTUAL PROPERTY.

It will be the exclusive responsibility of the ICE-CHILE or the temporary beneficiary until the ICE-CHILE has been incorporated, directly or through third parties, if necessary, to carry out all the necessary administrative procedures before the competent organs to adequately protect the intellectual and/or industrial property of the product, services or lines of development from the execution of the project activities, in the ways that have been established in the respective agreements with the Co-executor(s).

13. QUERIES.

Queries may be directed to the Department of Public Interest and Precompetitive Innovation of Innova Chile Committee, to the e-mail consultasbpp@corfo.cl.

Since this is an instrument that operates under the open access mode, queries may be received up to fifteen consecutive days before the temporary or definitive closure of the line, in accordance with that indicated in the following point.

Each query will be replied to by the indicated Department, within the term of 10 business days counted as from the receipt of the e-mail.

The opening of the Programme and the availability of the Guidelines will be published in a newspaper of national circulation and through the Website: www.corfo.cl.

14. SUSPENSION OF PROJECTS RECEPTION .

The Executive Director of the Innova Chile Committee is empowered to suspend both the reception of applications for qualification of a Centre as an International Centre of Excellence, as well as the presentation of Installation Projects of Centres.

Furthermore, with the prior agreement of the Subcommittee of Public Interest Innovation and Precompetitive Innovation and based on the funds available, it may definitively terminate the reception of applications for Qualification of Centres and Installation Projects.

The decision to suspend temporarily or definitively the reception of Applications and Projects must be published in a Newspaper of National Circulation with at least 30 consecutive days' notice prior to the closure of receipt of applications and projects.